



Real estate in the new ESG reality

Webinar | Tuesday, 17 May 2022
2.00pm to 3.00pm

With us today



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Real-Estate Transformation Trends after Pandemic

Real-estate sentiment is changing as COVID-19 shift how we live, work and invest

1. Behavioural – Accelerating the new way of work with more flex and choice

The “hybrid work” becomes the norm for many companies and the office choice will become increasingly tied to the experience employees have

2. Physical – Shifting demands in workspace and working facility

Corporate prefer more "flexible" and “high quality” spaces, as well as redefine the office to “activity-based workplace” and “social hub”

3. Digital – Transforming technology supporting work-life experiences

SMART Building is not a fashion, but a future indispensable to enhance “business productivity” and “working experience”

4. Environmental – Embedding vision with ESG is increasingly integrated

“People & Planet centric” becoming a new purpose of living for young generations to attract and retain best talents

5. Financial – Booming of volatility risks and the green finance market

UHNWIs are reimagining investment in the ambiguous situation and strengthening to climate change and sustainability

Real-Estate Transformation Trends after Pandemic

Real-estate sentiment is changing as COVID-19 shift how we live, work and invest

HEADCOUNT-BASED WORKPLACE



WORKPLACE
1.0



WORKPLACE
2.0



WORKPLACE
3.0



WORKPLACE
4.0

ESG consideration for Real Estate

Environment



- Climate Strategy
- Energy Management
- Waste Management
- Circularity

- GHG Emission and reduction target
- Environmental friendly design
- Energy efficiency: LED, Eco-Friendly Air Conditioner
- Renewable energy: Solar Roof, Solar light, EV Charger installment
- Improvement of production process
- Water consumption reduction

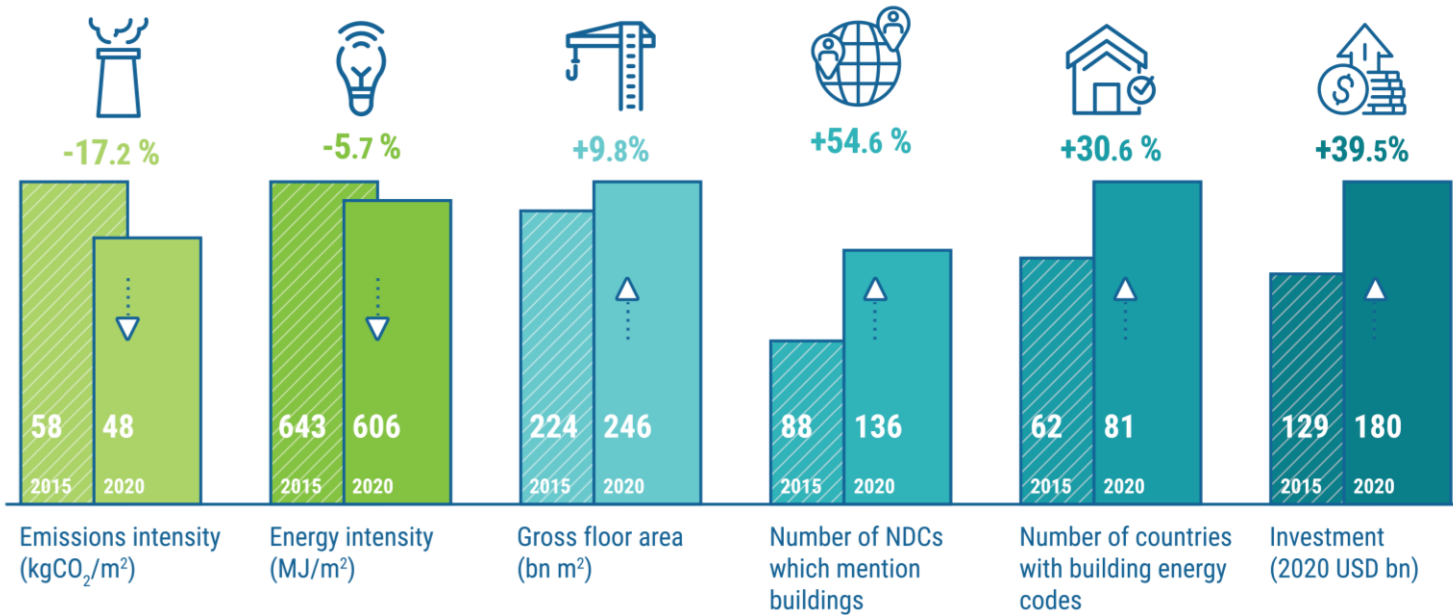


- **Enhance GHG emission reduction target up to 40%**
- **Carbon Neutrality by 2050**
- **Net Zero Emission by or before 2065**

Global Status Report for Buildings and Construction

Towards a zero-emissions, efficient and resilient buildings and construction sector

Key changes in buildings sector between 2015 and 2020

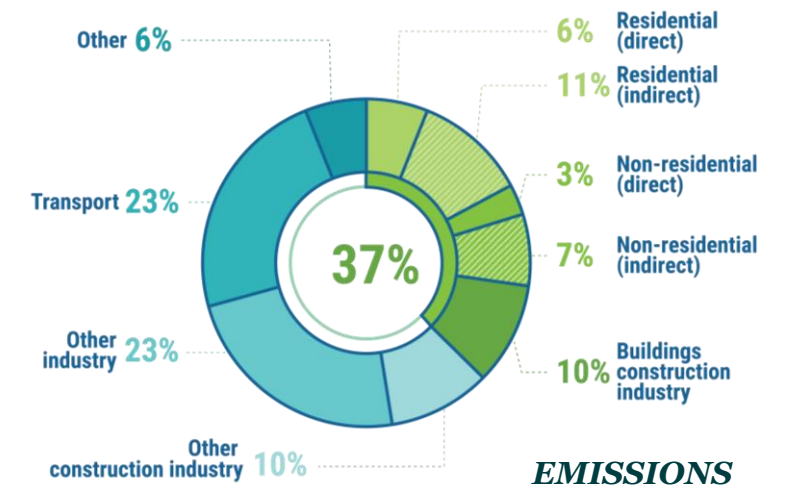
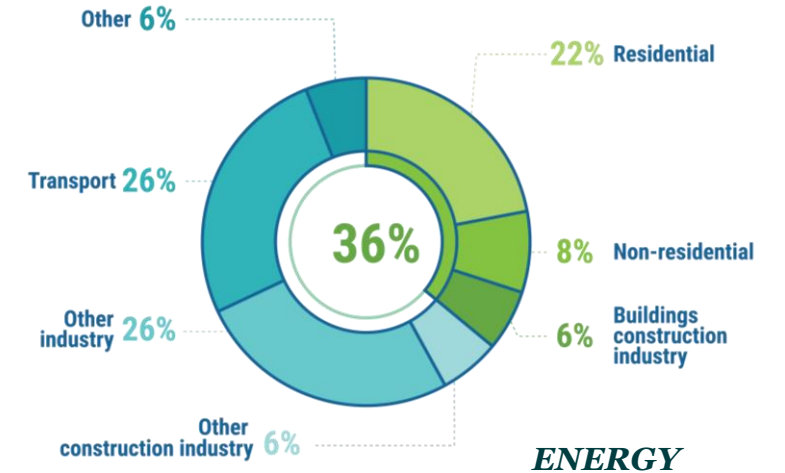


Sources: UNFCCC 2021; Buildings-GSR 2021; IEA 2021a. All rights reserved.

Notes: Emissions intensity is total buildings construction and operations emissions over total floor area, energy intensity is total building operational energy over

Note: "Buildings construction industry" is the portion (estimated) of overall industry devoted to manufacturing building construction materials such as steel, cement and glass. Indirect emissions are emissions from power generation for electricity and commercial heat. Source: IEA 2021a. All rights reserved. Adapted from "Tracking Clean Energy Progress"

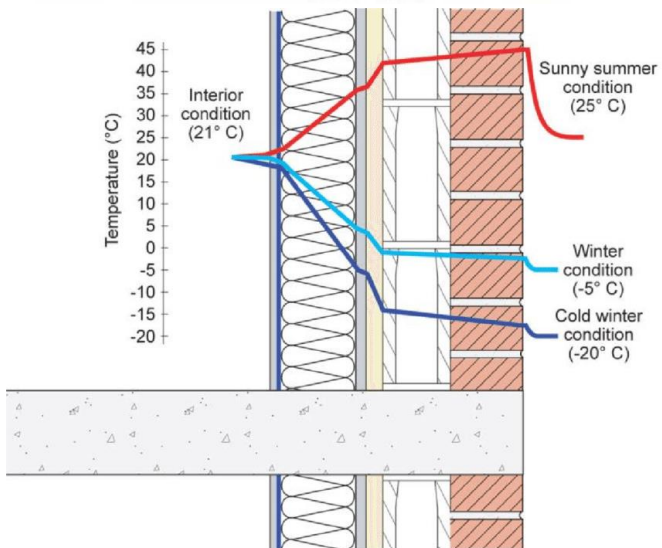
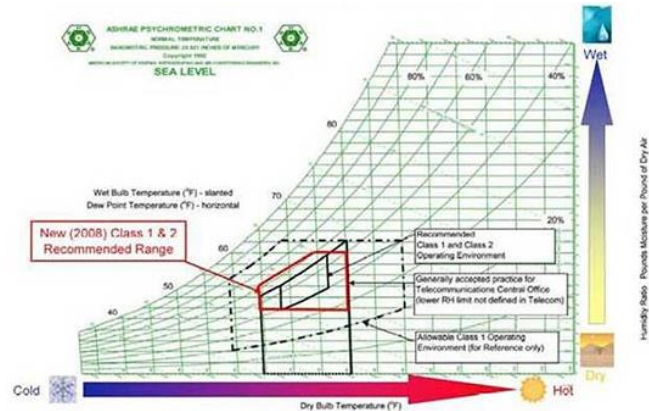
Buildings and construction's share of global final energy and energy-related CO₂ emissions, 2020



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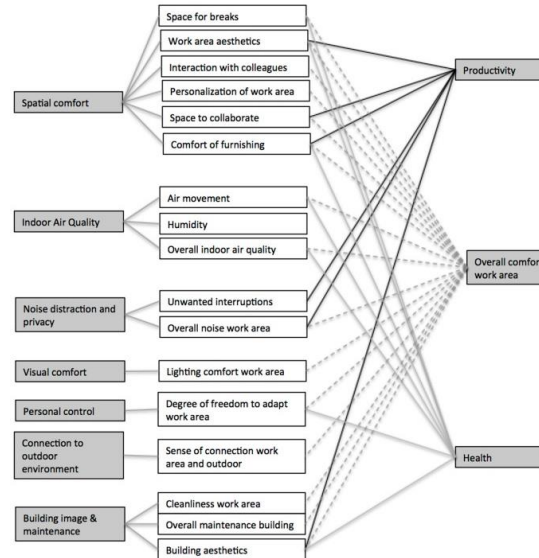
Built-Environment

Human Connections

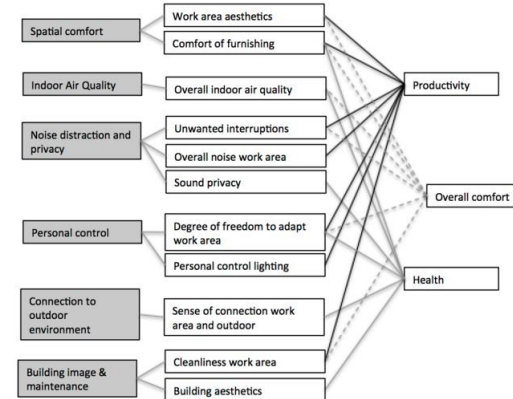


Revised (2008) ASHRAE Specifications

Space and Functional Design

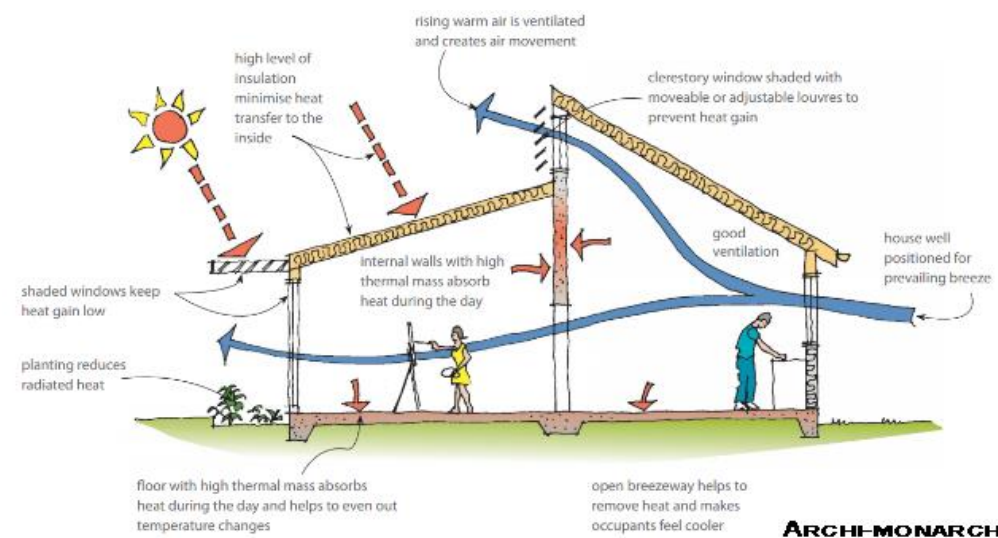


Productivity:	Health	Overall Comfort Work Area
Interruption	Air quality	Work area aesthetics
Work area aesthetics	Furnishing	Adaptation
Adaptation	Work area connection to outdoors	Furnishing
Furnishing	Building aesthetics	Air quality
Noise	Sound privacy	Cleanliness
Cleanliness	Adaptation	Interruption
Personal control lighting		



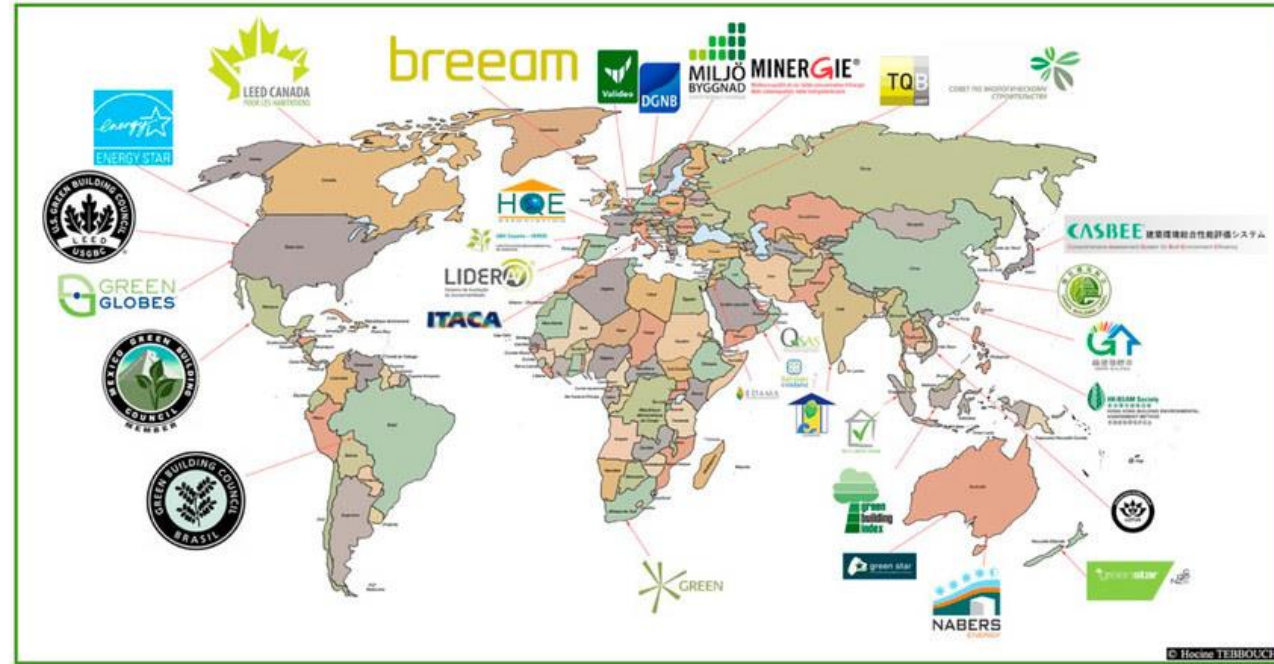
Productivity:	Health	Overall Comfort Work Area
Work area aesthetics	Air quality	Work area aesthetics
Comfort of furnishing	Furnishing	Adaptation
Overall indoor air quality	Work area connection to outdoors	Furnishing
Unwanted interruptions	Building aesthetics	Air quality
Overall noise work area	Sound privacy	Cleanliness
Sound privacy	Adaptation	Interruption
Degree of freedom to adapt work area		
Personal control lighting		
Sense of connection work area and outdoor		
Cleanliness work area		
Building aesthetics		

Passive Design Strategies



Real estate in the new ESG reality

Green Rating Systems



LEED v4 credits & prerequisites raise the bar

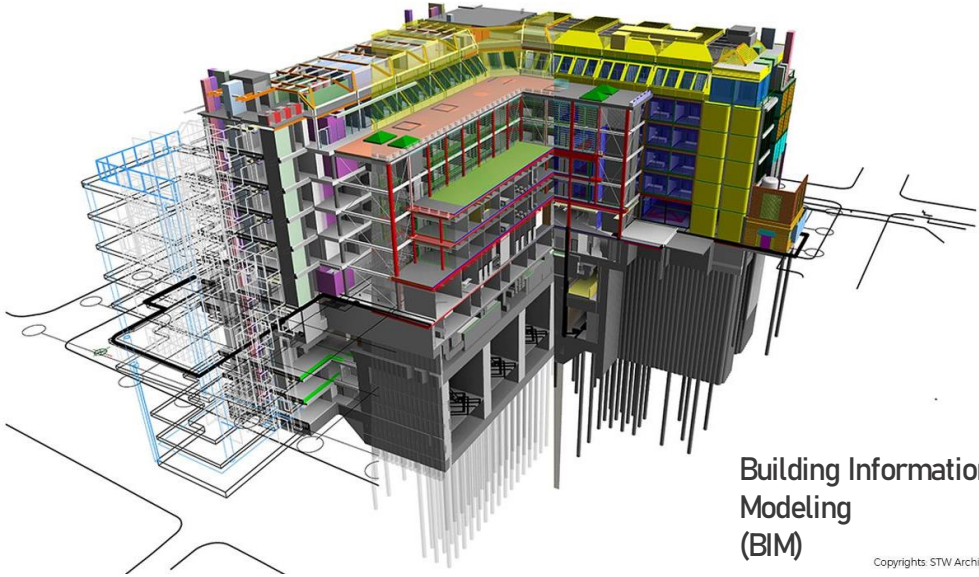
Impact categories developed for LEED v4 underscore how a project can benefit their local communities and our planet. They incentivize pursuing higher-point valued credits and higher certification levels that achieve better environmental economic and social impacts. The result? Advanced strategies that teams can use to define and achieve their goals.

- + Integrative thinking
- + Energy
- + Water
- + Waste
- + Materials
- + Location & transportation
- + Sustainable sites
- + Health and human experience
- + Regional impacts
- + Innovation
- + Global, Regional, Local



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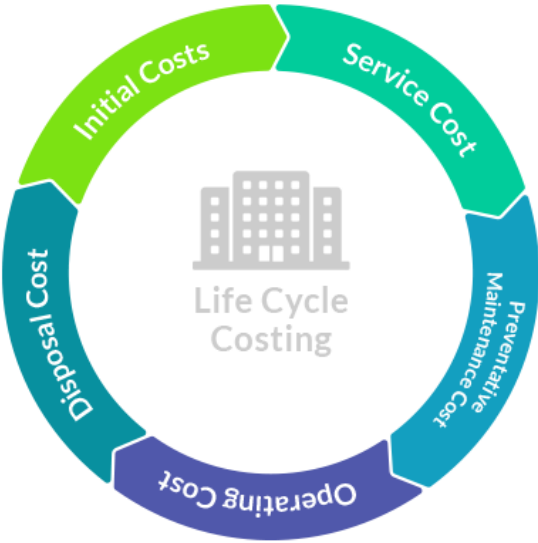
Data Analysis



Building Information Modeling (BIM)

Copyrights: STW Architects / Bouygues UK

Life Cycle Cost (LCC)



Life Cycle Assessment (LCA)

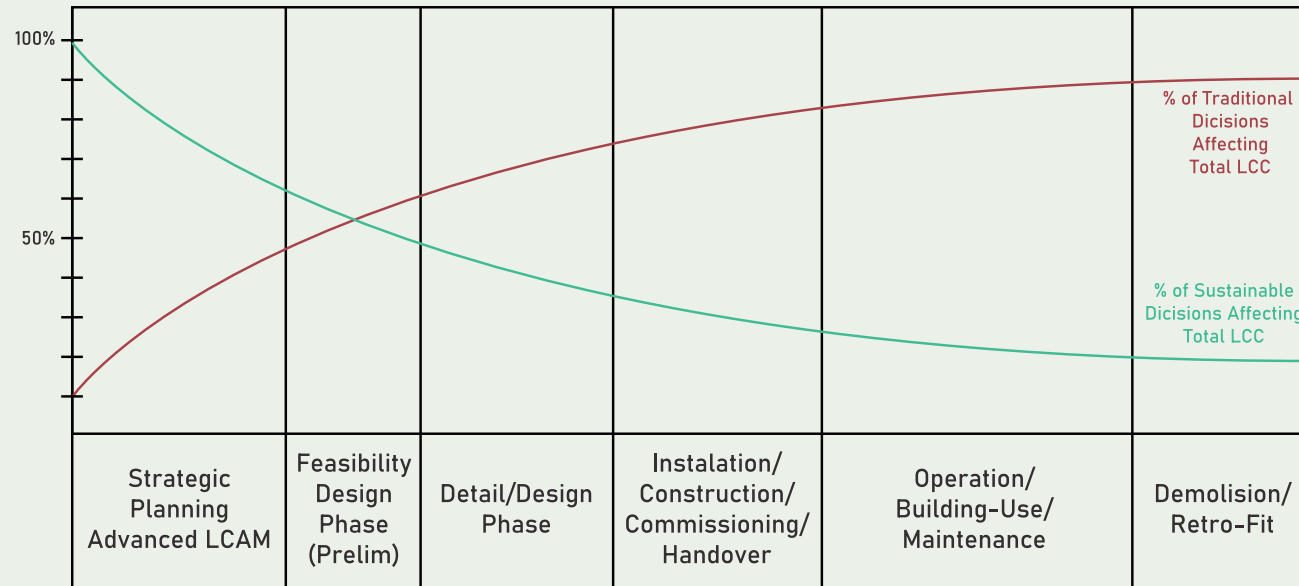


A BSRIA guide
Embodied Carbon
The Inventory of Carbon and Energy (ICE)
By Prof. Geoffrey Hammond and Craig Jones
Ed. Fiona Lewis and Peter Tat

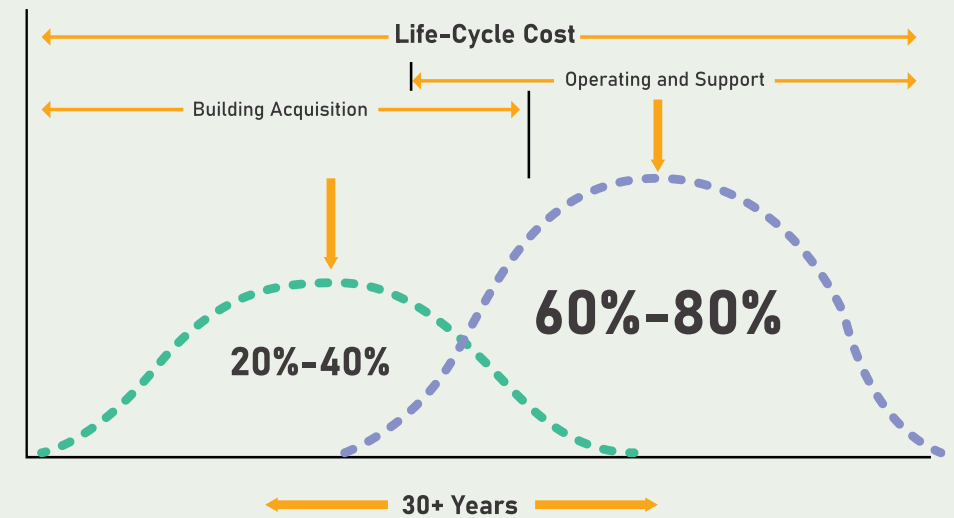
	Building A	Building B
Construction Year	1950	2010
Useful Life (years)	20	20
Purchase Price (P)	\$35,000,000.00	\$45,000,000.00
Interest (I)	\$49,409,990.87	\$63,527,131.12
Replacement Cost (re)	\$20,500,000.00	\$20,500,000.00
Resale/Salvage Value (Rs)	\$20,000,000.00	\$40,000,000.00
Disposal Cost (D)	\$5,000,000.00	\$0.00
Energy Costs (E)	\$2,450,000.00	\$400,000.00
Water Costs (W)	\$60,000.00	\$32,000.00
Maintenance (M)	\$2,200,000.00	\$750,000.00
Other (O)	\$100,000.00	\$100,000.00
Life Cycle Cost	\$59,720,010.87	\$45,309,151.12

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Data Analysis



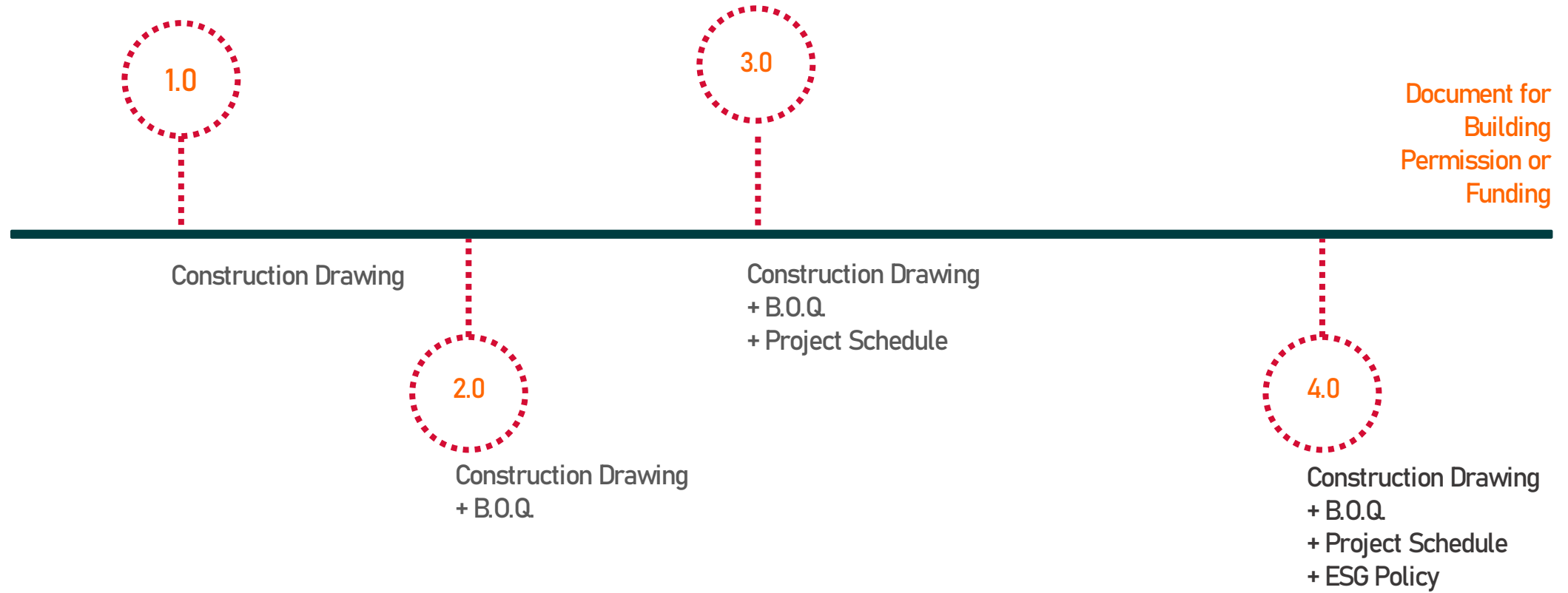
Life Cycle Cost Typical Structure, Comparing Traditional With Sustainable Design



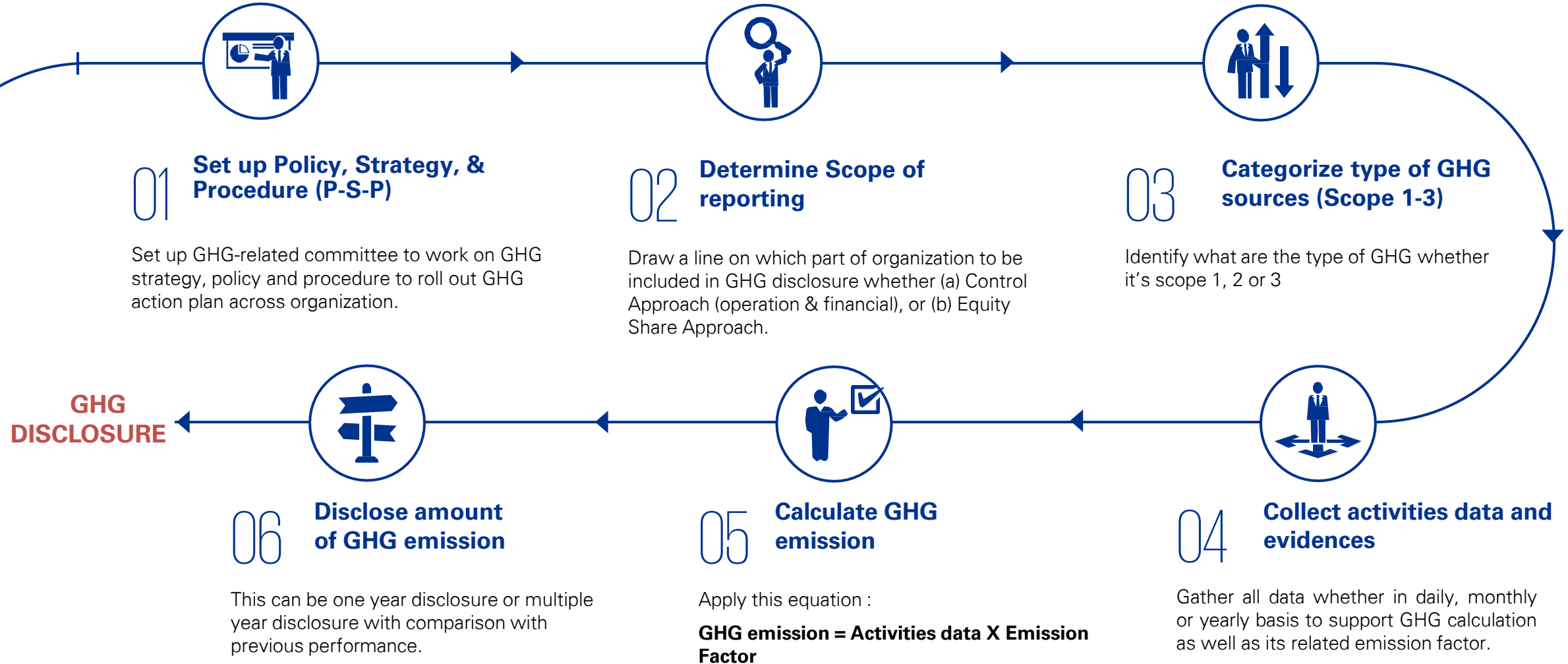
Comparing Cost Consumption Between Construction and Operating Process

Real estate in the new ESG reality

Proposal Evolution



GHG reporting



ESG consideration for Real Estate

Social



- Occupational Health and Safety
- Employment
- Human Rights
- Stakeholder Engagement

- Safety work place
- Employee welfare: pay raise, health insurance, social security, paid vacations, bonuses
- Human capital development: skills improvement, innovation, learning organization
- Risk assessment on human rights and management
- Communication channels



ESG consideration for Real Estate

Governance



- Corporate Governance
- Risk & Crisis Management
- Supply Chain Management
- Customer relationship management

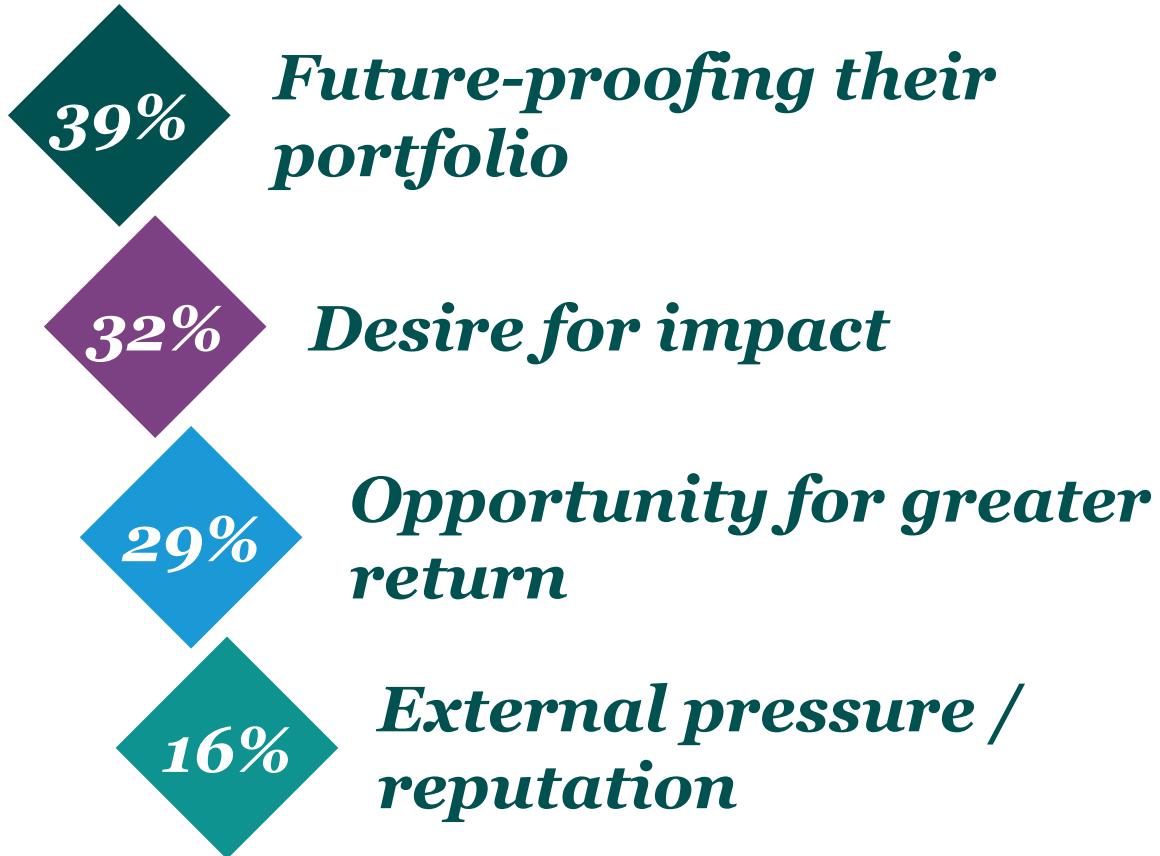
- Code of Conduct
- Anti-corruption policy
- Risk assessment and mitigation:
- Customer service applications
- Supplier Code of Conduct
- Supplier Auditing with ESG Criteria



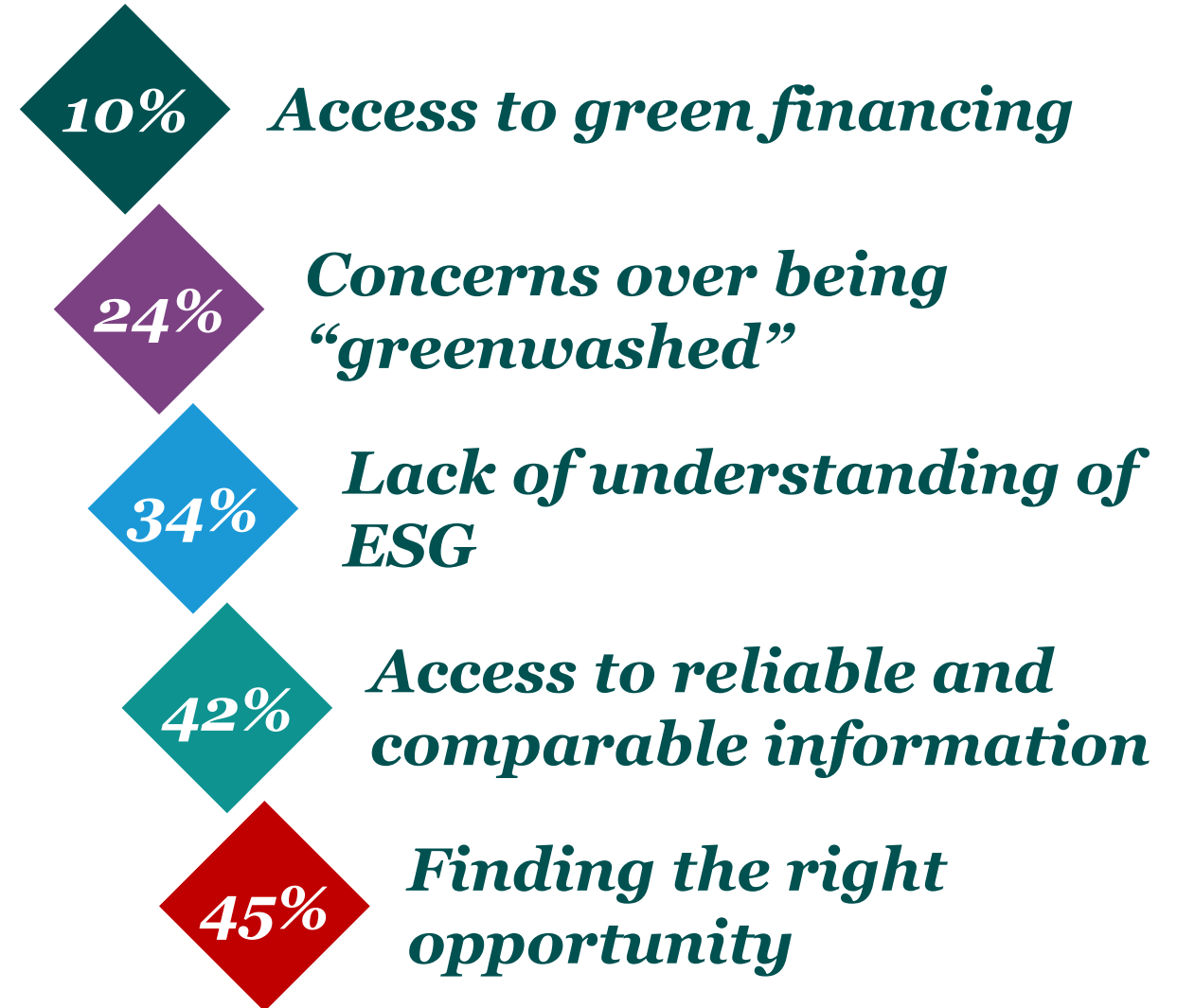
Key Drivers for ESG-related Property Investment

The Wealth Report - We asked our global network how ESG is influencing private investors' thinking about property

Key drivers for ESG-related property investment



Stumbling blocks barrier to ESG-related property investment



Attitudes Survey; an unsurprising figure considering that ESG and real estate investment go hand in hand

ESG Value – Add Occupational Attributes

How are the key attributes shaping occupational strategies in Bangkok valued?



Location



Structure/Form



Environmental Impact



Amenities



Technology Support



Engagement & Activities



Ambience & Management



Note: Values are in THB/Sq m/month

Thailand's Office Market Overview

The Wealth Report - We asked our global network how ESG is influencing private investors' thinking about property

▲ 5.66M

sq m

Supply

▲ 4.62M

sq m

Occupied Space

▼ 81.7%

Occupancy Rate

▲ 793

THB / sq m / month

Asking Rent

5%-20%

from Asking Rent

Discount Rate

% Change (Q-o-Q)

▲ 2.7%

% Change (Y-o-Y)

▲ 5.2%

▲ 1.0%

▲ 0.5%

▼ 1.4% pts.

▼ 3.8% pts.

	Q4 2021	% Change (Q-o-Q)	% Change (Y-o-Y)
Market	793	▲ 0.9%	▼ 0.5%
Grade A	1,112	▲ 0.1%	▼ 3.0%
Grade A-	1,046	▲ 1.9%	▲ 0.7%
Grade B	731	▲ 2.8%	▲ 3.8%
Grade C	503	▲ 2.5%	▲ 5.4%

Note: All figures exclude multi-owner, owner occupied premises and office buildings with total leasable area of less than 5,000 sq m.

Corporate sustainability reporting

Financial Annual Reports



- Specific target
- More quantitative info and little/no qualitative info
- Quantitative info, derived from closed accounting systems
- Very prescriptive format due to strict guidelines and standards
- Use reporting criteria and guidelines that have been in use for many years and have been through an international harmonization process.

Sustainability Reports



- Wider user
- More qualitative info
- Quantitative info, derived from stand-alone system (not closed accounting systems)
- Less prescriptive format and content because of lack of standards
- Use reporting criteria and guidelines that have been recently developed and are being enhanced as experience is gained.



United Nations
Global Compact

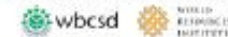
INTEGRATED REPORTING <IR>

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

ISO
26000



GREENHOUSE GAS PROTOCOL



International sustainability reporting journey



**Working group to accelerate convergence
in global sustainability reporting standards**

International Sustainability Standard Boards “ISSB”



ISSB Standard disclosure requirement

Material information that:

- Provides a complete and balanced explanation of significant sustainability risks and opportunities.
- Covers governance, strategy, risk management and metrics and targets.
- Focuses on the needs of investors and creditors, and drivers of enterprise value.
- Is consistent, comparable and connected.
- Is relevant to the sector and industry.
- Is presented across time horizons: short, medium and long-term.

Material metrics based on:

- Measurement requirements specified in the climate prototype or with reference to other frameworks such as the Greenhouse Gas Protocol.

The general disclosure requirements prototype sets out a framework

Governance

Processes, controls and procedures that a company uses to monitor sustainability-related risks and opportunities.

Strategy

Sustainability-related matters that could enhance the business model and strategy over the short, medium and long term.

Risk management

How sustainability-related risks are identified, assessed, managed and mitigated.

Metrics and targets

Information used to manage and monitor performance on sustainability-related matters over time.

Next step

Getting the basics right

- Create a sense of purpose for business that fosters ESG development with top management's buy in
- Focus on the top priority issues that make the greatest impact on the business and stakeholders



Strengthening the core

- Build proactive ESG governance with sufficient board oversight
- Identify and address ESG-related risks
- Develop vision-led and goal-driven ESG strategies
- Develop a robust data management system for progress tracking and target setting



Communicating the efforts

- Communicate the sustainability report vision and performance with your stakeholders regularly
- Develop and publish a sustainability/ESG report annually in line with local and international reporting standards
- Engage a third party to conduct independent assurance on the sustainability/ESG report and data



Q&A

Feedback





Thank you

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